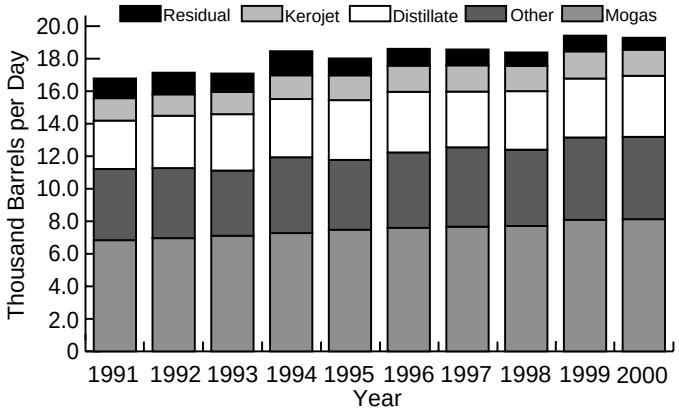
Highlights

Signaling continued consumer confidence, economic indicators such as "Advance Monthly Retail Sales"[1] and the unemployment rate[2] are leading economists to predict another strong first quarter.[3] Milder temperatures rolled in across the U.S. in February resulting in the demand for heating oils to wane. On average, temperatures across the U.S. were 17.6 percent warmer than normal and 1.8 percent warmer than last February.[4] Reflective of the strong economy, total demand for refined petroleum products, measured as product supplied, averaged 19.0 million barrels per day in February[5] (Table and Figure H1). This is the second highest average for this time of year in 20 years.

Figure H1. Total Demand, 1991-Current, Comparison in February for Petroleum Products



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

February 2000 highlights include:

- **Demand** for finished motor gasoline set a **February record high** at 8.1 million barrels per day. **Production** also set a **record high for the month** at 7.8 million barrels per day. **Stocks** ended the month at 154.6 million barrels, the lowest for the month since the data series began in 1981.

- **Demand** for distillate fuel oil averaged an impressive 3.8 million barrels per day. **Production** of distillates reached the highest average for this time of year since the record set in 1977. Distillate fuel oil **imports** poured into the U.S. at the **highest average for any month in ten years** with 455 thousand barrels per day. End-of-month **stocks** totaled 102.2 million barrels, **down 40.1 million barrels compared to last February**.

- **Demand**, **production**, and **imports** of residual fuel oil were at their lowest averages for this time of year since at least 1963.

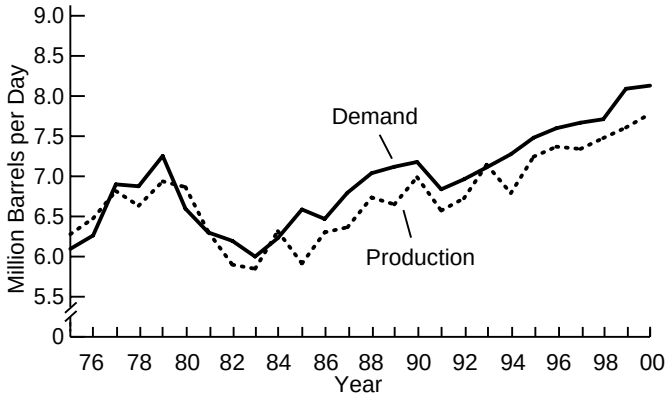
- Kerosene-type jet fuel **demand** fell short of last February's record for the month at 1.6 million barrels per day. **Production** of kerosene-type jet fuel averaged 1.5 million barrels per day, 112 thousand barrels per day below the February 1999 record for the month.

- Inventories of propane ended the month slightly below the normal seasonal range at 21.2 million barrels, less than half of last February's unusually high month-end total.

- Domestic crude oil **production** averaged 6.0 million barrels per day, comparable to this time last year and production levels of the early 1950's. **Imports** of crude oil were at their second highest average for the month, 8.2 million barrels per day. Excluding the Strategic Petroleum Reserve (SPR), crude oil **stocks** ended the month at a dismal total of **289.2 million barrels**.

- Refinery **inputs** of crude oil averaged 14.0 million barrels per day, down 2.8 percent compared to last February.

Figure H2. Finished Motor Gasoline, Year-to-Year February Comparisons, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

[1]"Advance Monthly Retail Sales", *U.S. Department of Commerce, Bureau of the Census,* March 14, 2000, accessible via the Internet at http://census.gov/svsd/www/retail.html.

[2]"The Employment Situation: February 2000", *U.S. Department of Labor, Bureau of Labor Statistics,* March 3, 2000, accessible via the Internet at http://stats.bls.gov/newsrels.htm.

[3]"U.S. Retail Sales Rise As Economy Booms", *Reuters*, March 14, 2000, accessible via the Internet at http://dailynews.yahoo.com.

[4]"Heating Degree Day Data Monthly Summary, Monthly Data for February 2000", *National Oceanic and Atmospheric Administration*, accessible via the Internet at http://www.cpc.ncep.noaa.gov/.

[5]February 2000 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

Table H1. Petroleum Supply Summary

(Million Barrels per Day, Except Where Noted)

Category	2000			1999	January - February	
	Estimated February	January	Difference[a]	February	2000	1999
Products Supplied	19.0	18.6	0.4	19.2	18.8	19.0
Finished Motor Gasoline	8.1	7.5	0.6	8.1	7.8	7.8
Distillate Fuel Oil	3.8	3.8	(s)	3.6	3.8	3.6
Residual Fuel Oil	0.7	0.7	(s)	1.0	0.7	0.9
Jet Fuel	1.6	1.6	(s)	1.7	1.6	1.7
Other Petroleum Products[b]	4.8	5.0	-0.2	4.8	4.9	5.0
Crude Oil Inputs	14.0	13.8	0.2	14.4	13.9	14.5
Operating Utilization Rate (%)	87.2	86.8	0.4	92.3	87.0	92.4
Imports	10.4	9.8	0.6	10.3	10.1	10.3
Crude Oil	8.2	7.7	0.5	8.4	8.0	8.3
Strategic Petroleum Reserve	(s)	(s)	(s)	0.0	(s)	0.0
Other	8.2	7.7	0.5	8.4	8.0	8.3
Products	2.2	2.1	0.1	1.9	2.1	1.9
Finished Motor Gasoline	0.3	0.3	(s)	0.3	0.3	0.3
Distillate Fuel Oil	0.5	0.2	0.3	0.3	0.3	0.3
Residual Fuel Oil	0.2	0.2	(s)	0.2	0.2	0.2
Jet Fuel	0.1	0.1	(s)	0.2	0.1	0.1
Other Petroleum Products[c]	1.1	1.2	-0.1	1.0	1.2	1.0
Exports	1.0	1.0	-0.1	0.8	1.0	0.8
Crude Oil	0.1	0.2	-0.1	0.1	0.1	0.1
Products	0.8	0.8	(s)	0.6	0.8	0.7
Total Net Imports	9.5	8.8	0.7	9.6	9.1	9.4
Stock Change[d]	-0.3	-0.2	-0.1	-0.5	-0.3	-0.4
Crude Oil	0.2	0.1	0.1	(s)	0.1	(s)
Products	-0.5	-0.3	-0.2	-0.5	-0.4	-0.4
Total Stocks (million barrels)	1,470	1,479	-9	1,625	—	—
Crude Oil	858	854	4	897	—	—
Strategic Petroleum Reserve[e]	569	568	1	572	—	—
Other	289	286	3	325	—	—
Products	611	625	-13	728	—	—
Finished Motor Gasoline	155	166	-11	178	—	—
Distillate Fuel Oil	102	107	-5	142	—	—
Residual Fuel Oil	34	36	-1	42	—	—
Jet Fuel	43	43	-1	45	—	—
Other Petroleum Products[c]	277	273	4	320	—	—

[a] Difference is equal to volume for current month minus volume for previous month.

[b] Includes crude oil product supplied, natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except finished motor gasoline, distillate fuel oil, residual fuel oil, and jet fuel.

[c] Includes natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except finished motor gasoline, jet fuel, distillate fuel oil, and residual fuel oil.

[d] A negative number indicates a decrease in stocks and a positive number indicates an increase.

[e] Crude oil stocks in the Strategic Petroleum Reserve include non-U.S. stocks held under foreign or commercial storage agreements.

(s) = Less than 0.05 million barrels per day, or less than 0.05 percent, or less than 0.5 million barrels.

Note: Totals may not equal sum of components due to independent rounding.

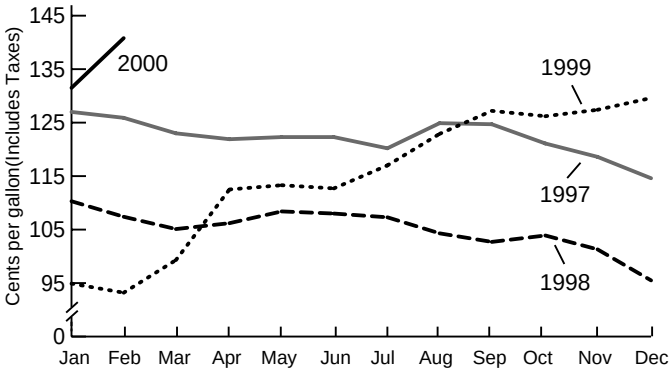
Source: Energy Information Administration (EIA), 1998,*Petroleum Supply Annual*, Volume 2; appropriate issues of the *Petroleum Supply Monthly* and the *Weekly Petroleum Status Report*.

Data for the current month are preliminary estimates, based on weekly submissions. For an explanation of estimation methodology and accuracy, see Appendix A of *Weekly Petroleum Status Report* and the article, "Accuracy of Petroleum Supply Data", published in the December 1999*, Petroleum Supply Monthly.*

Motor Gasoline

Demand for finished motor gasoline averaged 8.1 million barrels per day, a **record high for the month** (Figure H2). Precariously low stocks of motor gasoline and globally tight supplies of crude oil have resulted in the inevitable, rising motor gasoline prices.[6] Conventional motor gasoline prices continued their ascent and motorists were faced with prices averaging $1.408 per gallon (Figure H3).[7] Compared to this time last year, motorists are paying nearly 48 cents more per gallon. **Production** of finished motor gasoline also set a record for the month at 7.8 million barrels per day, up over two percent from the prior February high. Finished motor gasoline **imports** averaged 315 thousand barrels per day, the lowest average for this time of year since 1996. End-of-month finished motor gasoline **stocks** totaled 154.6 million barrels, the lowest for the month since the data series began in 1981. As the U.S. heads into the coming driving season, stocks of finished motor gasoline are at **a 23.8 million barrel deficit compared to this time last year**. Finished motor gasoline stocks are comprised of other finished accounting for 116.9 million barrels, reformulated for 37.1 million barrels, and oxygenated for an additional 0.7 million barrels. Total motor gasoline stocks, including blending components, ended the month at their lowest February total in over three decades at 199.7 million barrels.

Figure H3. Retail Prices for Conventional Motor Gasoline, 1997-current

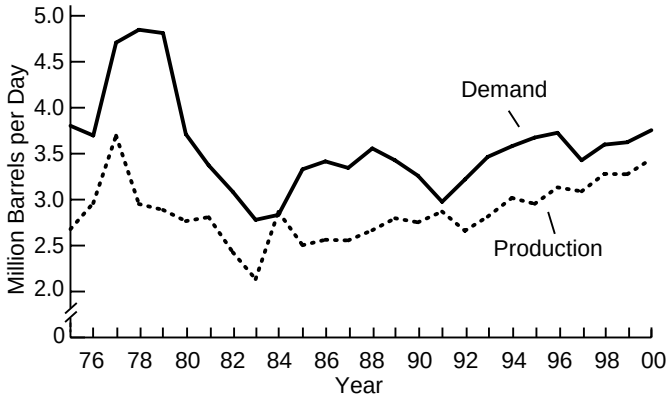


Source: Energy Information Administration, *Weekly Petroleum Status Report,* DOE/EIA-0208 (various issues).

Distillate Fuel Oil

Demand for distillate fuel oil averaged an impressive 3.8 million barrels per day (Figure H4). This is the highest average for the month since 1979. Working to alleviate supply concerns, refineries intensified their efforts, producing distillates at their highest rate for this time of year since the late 1970s. **Production** of distillate fuel oil averaged 3.4 million barrels per day in February (Figure H4). Additionally, a large number of distillate shipments finally began arriving in the Northeast further easing the tight market.[8] Supplementing the refinery efforts, **imports** of distillate fuel oil arrived on U.S. shores **at their highest rate for any month in ten years**, at an average of 455 thousand barrels per day. End-of-month distillate fuel oil **stocks** totaled 102.2 million barrels, the lowest month-end total for February in four years. Low-sulfur distillates ended the month at 62.6 million barrels, an 11.3 million barrels deficit compared to last February. Stocks of high-sulfur distillate fuel oil ended the month at 39.5 million barrels, a 28.8 million barrel deficit compared to last year.

Figure H4. Distillate, Year-to-Year February Comparisons, 1975-2000

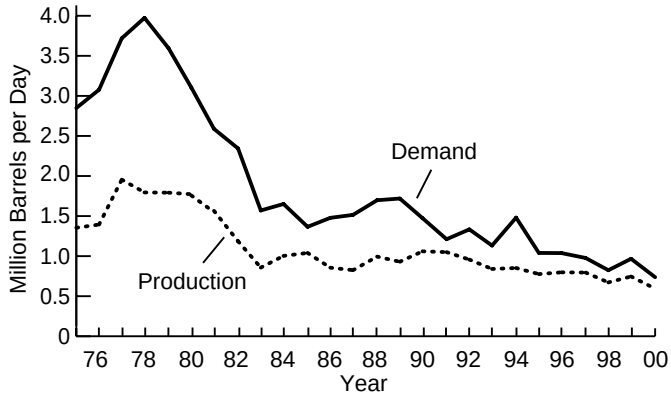


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Residual Fuel Oil

February proved to be lackluster month for residual fuel oil. Lower natural gas prices dampened demand from utilities with fuel-switching abilities along the Northeast and Florida.[9] **Demand** dropped to the lowest average for the month in at least three decades at 737 thousand barrels per day (Figure H5). **Production** dropped to the lowest average for the month in well over 30 years at 594 thousand barrels per day. **Imports** averaged only 197 thousand barrels per day, the lowest average for the month in decades. Residual fuel oil **stocks** ended the month at their lowest level since May 1996 at 34.4 million barrels.

Figure H5. Residual, Year-to-Year February Comparisons, 1975-2000



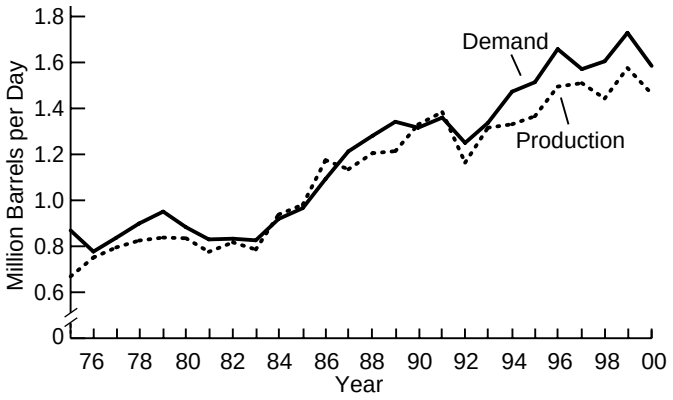
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

[6]"California Motorists Get Socked With $2/Gallon Gasoline Prices", *The Oil Daily*, March 3, 2000, p. 2.
[7]"Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1999 to Present", *Weekly Petroleum Status Report*, March 3, 2000, p. 27.
[8]"Gasoline Surges As Low Inventories Spark Shortage Fears", *Octane Week*, February 14, 2000, p. 10.
[9]"Bullish Factors Keep Gas Prices High Despite Springlike Weather", *The Oil Daily*, March 13, 2000, p. 6.

Kerosene-Type Jet Fuel

Demand for kerosene-type jet fuel averaged 1.6 million barrels per day. This was off 144 thousand barrels per day from the record high for February. Production of kerosene-type jet fuel slowed as margins for other products caught the refineries' attention and they shifted their slates toward those products.[10] **Production** of kerosene-type jet fuel averaged 1.5 million barrels per day (Figure H6). This production trailed last February's record high by 112 thousand barrels per day. Total jet fuel **imports**, kerosene- and naphtha-type combined, were normal for this time of year averaging 130 thousand barrels per day. **Stocks** of kerosene-type jet fuel ended the month at 42.6 million barrels, within the normal seasonal range.

Figure H6. Kerojet, Year-to-Year February Comparisons, 1975-2000

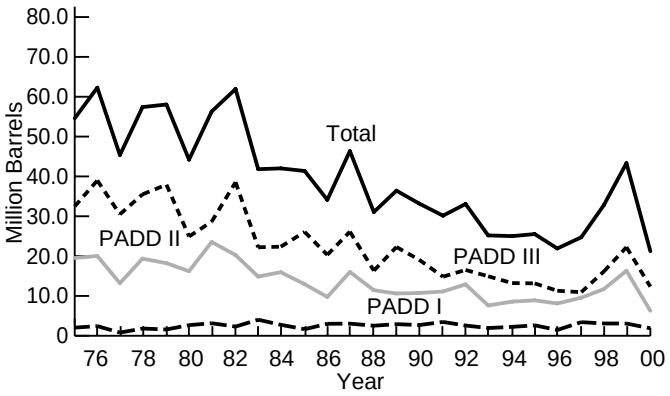


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Propane

In contrast to last February's unusually high month-end total, stocks ended the month below their normal seasonal range. At 8.5 million barrels, February's propane draw was the highest for the month since 1996. This draw caused domestic propane inventories to plunge to 21.2 million barrels by month's end. Regionally, inventories in the East Coast and Midwest ended the month below normal while Gulf Coast propane inventories were on the lower side of the normal range for the month (Figure H7). Propane stocks along the East Coast declined 1.4 million barrels to end the month at 1.9 million barrels. Gulf Coast inventories ended the month totaling 12.3 million barrels, a draw of 1.7 million barrels. Stocks of propane in the Midwest shed 4.6 million barrels to end the month at 6.3 million barrels.

Figure H7. Propane Stocks, Year-to-Year February Comparisons, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

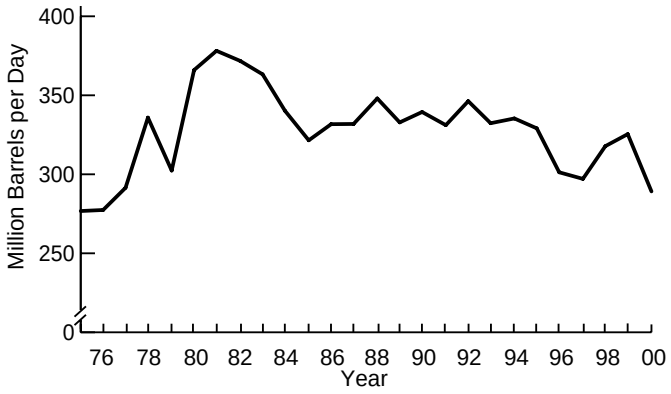
Crude Oil

Domestic **production** of crude oil at 6.0 million barrels per day showed a slight improvement compared to year ago levels. Aside from last February, domestic production was the lowest it has been for the month since 1951. February's warmer temperatures in the Last Frontier impacted output for Alaska's North Slope.[11] Field production of Alaskan crude oil averaged 1.0 million barrels per day, the lowest average for the month since 1978. **Imports** of crude oil averaged 8.2 million barrels per day, a decrease of 167 thousand barrels per day from last February's record high for the month. Net imports of crude oil, an important measure of U.S. reliance on foreign crude, also attained the second highest average for this time of year at 8.1 million barrels per day. Conflicting statements from OPEC about future production levels left refineries wary of purchasing additional crude oil when, depending on OPEC actions, prices may pull back as additional oil may soon hit the market.[12]

Crude oil stocks remain tight, ending the month at their lowest level for February since 1976. Crude oil **stocks**, excluding inventory held in the SPR, ended the month at 289.2 million barrels (Figure H8). Total crude oil inventories, including stocks held in the SPR and non-U.S. stocks held under foreign or commercial storage agreements, ended the month at 858.5 million barrels, the lowest total for the month since 1987.

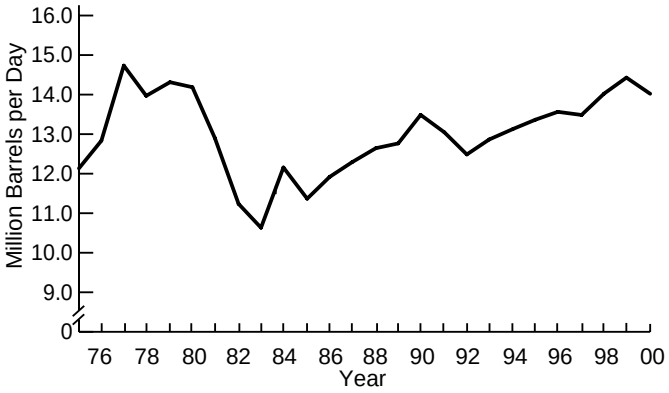
[10]"Jet Fuel Production Declines", *Oil Price Information Service*, February 21, 2000, p. 15.
[11]"FY 2000 ANS Production", *Alaska Department of Revenue*, February 2000, accessible via the Internet at http:// www.revenue.state.ak.us/oga/.
[12]"Marketview - Fear Of Loading", *Petroleum Intelligence Weekly*, February 21, 2000, p. 10.

Figure H8. Year-to-Year February Crude Oil Stock Comparisons, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Figure H9. Year-to-Year February Comparisons for Crude Oil Inputs, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Refinery Operations

Crude oil **inputs** dropped almost three percent compared to last February, averaging 14.0 million barrels per day (Figure H9). Heavy seasonal turnarounds kept refinery utilization rates low, as refineries prepared for the coming driving season.[13] The estimated refinery **operable utilization rate** (gross input divided by operable capacity), averaged 86.1 percent of capacity compared to 91.0 percent this time last year.

[13]"Refiners Start Gearing Up for Gasoline Season", *The Oil Daily*, March 10, 2000, p. 4 & 5.